

risen to £27,000,000. Some of these houses became very powerful, but large investments in industrial establishments, which suffered many failures in 1828, 1829, and 1830, caused their downfall. The total liabilities of the six agency houses which failed from 1830 to 1834 were estimated at over £17,000,000 and one of the largest paid little more than three per cent.¹

The era of responsible banks began after the crisis. The Bank of Bengal had been founded as early as 1809, but its charter was renewed in 1840; a charter was issued in the same year to the Bank of Bombay, with a capital of £525,000 ; and a charter was issued in 1842 to the Bank of Madras. The private banks had been allowed to issue notes and this was true also of the Union Bank of Calcutta, founded in 1829, and the Bank of Agra. The Bank of Bengal in 1834 refused to receive the notes of the Union Bank or any of the new concerns, and the Union Bank went down in the crisis of 1846. The Bank of Western India was founded in Bombay in 1842, opened branches in Calcutta, Ceylon, and Canton, and became the Oriental Bank in 1845. This bank seems to have inaugurated the business of circuitous exchange, and encountered the unsuccessful hostility of London houses and the East India Company when it sought a royal charter in 1850.

The discovery of gold in Australia led to the projection in London of many new banks for foreign business, but it soon appeared that there was already a sufficient banking capital invested in India. The Bank of Bombay found legitimate discount business so dull that the directors endeavored to obtain a modification of their charter which would permit them to engage in exchange business in and out of India. The directors proposed, if this were granted, that the limit of note issues should be reduced from £2,000,000 to £1,000,000. The actual circulation was only £400,000, and the government refused to assent to the proposal.

The banks of the three great presidency towns had a cir-

¹J. V. MacLellan, in *London Bankers' Magazine* January, 1893, IV., 55.